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Surpass Chemicals Limited



ANNUAL REPORT
1970



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Surpass

Chemicals Limited

Directors

FRED W. EVANS	-	-	-	-	-	-	-	-	Toronto, Ontario
ELLIS A. CLARKE	-	-	-	-	-	-	-	-	Toronto, Ontario
GEORGE H. MONTAGUE	-	-	-	-	-	-	-	-	Toronto, Ontario
WILLIAM BLOKHUIS	-	-	-	-	-	-	-	-	Toronto, Ontario
DONALD M. TREADGOLD, Q.C.	-	-	-	-	-	-	-	-	Toronto, Ontario

Officers

FRED W. EVANS	-	-	-	-	President and General Manager
ELLIS A. CLARKE, C.A.	-	-	-	-	Vice-President and Secretary Treasurer

Transfer Agents and Registrars

GUARANTY TRUST COMPANY OF CANADA
88 University Ave.,
Toronto, Ontario.

Auditors

MESSRS. THORNE, GUNN, HELLIWELL & CHRISTENSON,
Box 262, Toronto-Dominion Centre,
Toronto 111, Ontario.

Bankers

TORONTO-DOMINION BANK,
1900 Ellesmere Road,
Scarborough, Ontario.

Solicitors

BLACKWELL, LAW, TREADGOLD AND ARMSTRONG,
110 Yonge Street,
Toronto, Ontario.

Head Office and Plant

36 Upton Road,
Scarborough, Ontario.

West Hill Additive Plant

10 Chemical Court,
West Hill, Ontario.

Common shares of Surpass Chemicals Limited
are Listed on the Toronto Stock Exchange Under
the Symbol SUP.



President's Report to Shareholders and Employees

It is my pleasure, on behalf of your Board of Directors to report to you on the performance of your Company during the past year.

Referring to the accompanying financial statements, it can be seen the Company enjoyed another successful financial year, although sales and earnings did decline. Gross sales for the year were \$2,488,367 as compared with \$2,637,087 in 1969. This represents a decrease of about \$149,000 or 5.6%. Net income on the other hand was \$153,350 or 20.0¢ per share down from \$189,433 or 24.8¢ per share in 1969.

Higher depreciation charges account for part of the reduced income, but by far the most significant factor has been the unpegging of the Canadian dollar. Over half of the Company's sales are in export markets and payment is received in U.S. dollars. It is estimated that conversion losses in 1970 were about \$80,000. In other words, this amount would have been added to both sales and pretax income had the Canadian dollar remained at its former value of approximately 92.5¢ U.S.

Income figures are not yet available for the first quarter of 1971, but sales are up about 10% over the corresponding 1970 period. This trend has continued into the second quarter and prospects are also good for higher sales in the second half.

Competitive pressures continue to depress additive prices, particularly in the export markets. These can only be offset by gains in throughput and process efficiency. To this end almost \$300,000 was expended last year on plant additions, which will increase capacity and diversity of products as well as reduce the cost of production. Portions of the construction will not be completed until the present quarter so that their effects on increased sales and cost reduction will only be felt in the second half of this year. All capital expenditures have been financed out of cash flow as the Source and Application of Funds statement shows.



There is much speculation at the present time regarding the problem of reducing emissions from internal combustion engines and it is hard to find agreement even among the experts as to how this can be accomplished. Even the move to "get the lead out" of gasoline, which seemed like a fairly straight-forward proposition, has now met with some unexpected problems which suggest that the idea was premature. The type and quantity of additives which will be required to meet the lubrication needs of future engines is, therefore, uncertain at the present time. To compete in this changing scene, our stance must continue to be as described in the last report, namely, to keep informed on all developments which pertain to the quality of lubricants; to remain technically competent to improve old or develop new products as the need emerges and to maintain flexibility in our manufacturing facilities so that timely commercial advantage may be taken of any new additive trends.

The continuing co-operation of shareholders and employees is gratefully recognized.

Respectfully submitted,

FRED W. EVANS,
President.

Toronto,
May 7, 1971.



Surpass Chemicals Limited

(Incorporated under the laws of the Province of Ontario)

Balance Sheet—1970

(with comparative figures for 1969)

ASSETS		1970	1969
CURRENT ASSETS			
Cash		\$ 6,070	\$ 133,874
Accounts receivable		410,855	359,667
Inventories, at lower of cost and market		383,336	270,194
Prepaid expenses		8,537	9,367
		<u>808,798</u>	<u>773,102</u>
FIXED ASSETS, at cost			
Land		53,823	53,823
Building, plant and equipment		2,263,222	2,033,879
		<u>2,317,045</u>	<u>2,087,702</u>
Less accumulated depreciation		951,141	868,080
		<u>1,365,904</u>	<u>1,219,622</u>
ORGANIZATION EXPENSE		2,775	2,775
		<u>\$2,177,477</u>	<u>\$1,995,499</u>

AUDITORS'

To the Shareholders of
Surpass Chemicals Limited

We have examined the balance sheet of Surpass Chemicals Limited as at December 31, 1970, and the application of funds for the year then ended. Our examination included a general review of the supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of Surpass Chemicals Limited at the end of the year and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles for the preceding year.

Toronto, Canada
May 3, 1971

icals Limited

(Incorporated under the laws of Ontario)

December 31, 1970

(December 31, 1969)

LIABILITIES

	1970	1969
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 362,052	\$ 259,860
Advances from directors		73,293
Taxes payable	73,654	123,925
	<u>435,706</u>	<u>457,078</u>
DEFERRED INCOME TAXES	100,000	50,000

SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Authorized — 1,500,000 shares of no par value		
Issued — 764,848 shares	1,581,159	1,581,159
RETAINED EARNINGS (DEFICIT)	60,612	(92,738)
	<u>1,641,771</u>	<u>1,488,421</u>
Approved by the Board		
F. W. EVANS, Director.		
E. A. CLARKE, Director.		
	<u>\$2,177,477</u>	<u>\$1,995,499</u>

REPORT

December 31, 1970 and the statements of income, retained earnings and source and view of the accounting procedures and such tests of accounting records and other

the company as at December 31, 1970 and the results of its operations and the fully accepted accounting principles applied on a basis consistent with that of the

Thorne, Gunn, Helliwell & Christenson,
Chartered Accountants.



Surpass Chemicals Limited

Statement of Income

Year Ended December 31, 1970
(with comparative figures for 1969)

	1970	1969
Sales	\$2,488,367	\$2,637,087
Cost of goods sold, selling and administrative expenses	2,050,256	2,144,739
Operating profit before depreciation	438,111	492,348
Depreciation	147,261	128,415
Income before income taxes	290,850	363,933
Income taxes (note 1)		
Current	87,500	124,500
Deferred	50,000	50,000
	137,500	174,500
Net income for the year	\$ 153,350	\$ 189,433
Earnings per share based on 764,848 issued shares	20.0¢	24.8¢

Statement of Retained Earnings

Year Ended December 31, 1970
(with comparative figures for 1969)

	1970	1969
Deficit at beginning of year	\$ 92,738	\$ 282,171
Net income for the year	153,350	189,433
Retained earnings (deficit) at end of year	\$ 60,612	\$ (92,738)



Surpass Chemicals Limited

Statement of Source and Application of Funds

Year Ended December 31, 1970
(with comparative figures for 1969)

	1970	1969
Source of funds		
Operations		
Net income for the year	\$ 153,350	\$ 189,433
Items not involving current funds		
Depreciation	147,261	128,415
Deferred income taxes	50,000	50,000
	<u>350,611</u>	<u>367,848</u>
Proceeds from sale of fixed assets	5,500	
	<u>356,111</u>	<u>367,848</u>
Application of funds		
Additions to fixed assets	299,043	314,706
	<u>57,068</u>	<u>53,142</u>
Increase in working capital	316,024	262,882
Working capital at beginning of year		
	<u>\$ 373,092</u>	<u>\$ 316,024</u>

Notes to Financial Statements

Year Ended December 31, 1970

1. INCOME TAXES

The company charges earnings with income taxes currently payable and also with income taxes deferred by claiming capital cost allowances in excess of depreciation recorded in the accounts. The accumulated total of such income tax deferments is reflected in the balance sheet as "Deferred income taxes".

2. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The remuneration of directors and senior officers (as defined by The Business Corporations Act, 1970) amounted to \$79,026 during 1970 (\$75,200 during 1969).

3. FOREIGN EXCHANGE

Certain of the company's current assets and current liabilities include amounts in foreign currency. These amounts have been translated into Canadian funds at the rate of exchange prevailing at December 31, 1970.

4. LONG-TERM LEASE

The company rents a building under a long-term lease which expires August 31, 1980, the annual rental for which is \$24,017.



Surpass Chemicals Limited

10 Year Comparative Summary of Income

Year	Sales	Cost of goods sold, selling and administrative expenses	Operating Profit (loss) before depreciation and income taxes	Depreciation	Income taxes (net of reduction)	Net income (loss) for the year
1961	\$ 700,239	\$ 668,095	\$ 32,144	\$ 51,824		\$ (19,680)
1962	683,292	603,711	79,581	52,702		26,879
1963	617,793	622,046	(4,252)	56,907		(61,159)
1964	1,001,887	892,361	109,525	65,868		43,657
1965	1,076,446	967,861	108,585	68,560		40,025
1966	1,069,734	1,054,754	14,981	69,066		(54,085)
1967	1,637,137	1,467,950	169,187	90,779		78,048
1968	2,638,351	2,053,067	585,284	105,056	\$ 55,100	425,128
1969	2,637,087	2,144,739	492,348	128,415	174,500	189,433
1970	2,488,367	2,050,256	438,111	147,261	137,500	153,350



Surpass Chemicals Limited

The Company and its Products

The Company manufactures and sells lubricants and lubricant additives. Its principal customers are major oil companies and wholesale distributors and marketers of petroleum products. A number of copyright trade names, familiar to the industry, are used to describe the Company's products, but these brand names do not appear at the retail or end-user level.

Additives account for the bulk of production. These are used mostly in oils for internal combustion engines and perform such functions as sludge dispersion, rust prevention and oxidation inhibition. Modern engine design demands performance levels in lubricants which can only be achieved through the use of additives. The field includes automotive, diesel, marine, aircraft and industrial engines.

A small scientifically oriented sales force, backed up by a continuous program of research and development, is essential for success. While the number of customers is relatively small, the number of individuals involved in a lubricant reformulation decision is sizeable, so that sales coverage must be made in depth. Furthermore, since sales are made up on the basis of cost and performance, sales personnel must possess technology in both the preparation and application of additives.

Products are sold in varying concentrations and different units of measurement. It is not meaningful, therefore, to tabulate production in physical terms. The sales value, as shown on the financial statements, gives perhaps the best indication of the Company's size and growth.

Products are shipped in tank cars, drums and occasionally bulk marine shipments. For the past five years over 50% of the Company's sales were exported. Destinations include the United States, United Kingdom, Europe, Australia and Japan.



Surpass Chemicals Limited

Manufacturers of

OIL ADDITIVES

LUBRICATING OILS AND GREASES

RUST PREVENTIVES

CUSTOM FORMULATIONS



Printed in Canada



SURPASS

CHEMICALS

LIMITED

CABLE: SURCHEM

36 UPTON RD., SCARBOROUGH, ONTARIO

August 27, 1970.

Dear Shareholder:—

We report herewith the unaudited results of operations for the six month period ending June 30, 1970 with comparative figures for the same period in 1969 as follows:—

	1970	1969
Sales	\$1,158,019	\$1,300,476
Profit before depreciation	234,664	246,866
Depreciation	65,000	62,998
Income before income taxes	169,664	183,868
Provision for income taxes for period		
Current	51,000	60,000
Deferred (Note 1)	28,000	25,000
	79,000	85,000
Net income for the period	\$ 90,664	\$ 98,868
Earnings per share	11.8¢	12.9¢
Earnings per share based on shares issued of	764,848	764,848

Note 1 — Income tax for the 1969 period has been restated to provide \$25,000 in deferred income taxes. Previously reported net income based on current taxes only was \$123,968 or 16.2¢/share.

The decrease of 11% in sales and 8.4% in earnings mainly is attributable to a general depression in related business activity during the second quarter. This trend seems to have been subsequently reversed and sales are currently at a higher level.

The unpegging of the Canadian dollar also had some adverse effect on both sales and earnings during the second quarter since a substantial portion of the Company's sales are in U.S. currency. The general strengthening of the market, however, in the intervening period has permitted price increases to offset the unfavourable exchange rate.

Consideration is presently being given to further capital expenditures designed to allow manufacture of some new products and reduce production costs of existing ones.

Very truly yours,
SURPASS CHEMICALS LIMITED,

FRED W. EVANS, President.

SURPASS CHEMICALS LIMITED

NOTICE OF ANNUAL AND SPECIAL GENERAL MEETING OF THE SHAREHOLDERS

TAKE NOTICE that the Annual and a Special General Meeting of the Shareholders of Surpass Chemicals Limited will be held at the Queen's Park Room, King Edward Hotel, 37 King Street East, Toronto, Ontario, Canada, on Tuesday, the 15th day of June, 1971, at the hour of eleven o'clock in the forenoon (Eastern Daylight Saving Time) for the following purposes:

1. To consider and, if thought advisable, to confirm with or without variation By-law No. 80, passed by the Directors on December 31, 1970, respecting indemnification and insurance for directors and officers;
2. To consider and, if thought advisable, to confirm with or without variation By-law No. 81, passed by the Directors on April 21, 1971, increasing the number of directors from 5 to 6, of whom 4 shall constitute a quorum;
3. To consider and, if thought advisable, to confirm with or without variation By-law No. 82, passed by the Directors on April 21, 1971, providing for record dates in respect of shareholders' meetings;
4. To receive the report of the Directors of the Company and the financial statements of the Company for the year ended December 31, 1970 and the report of the Auditors thereon;
5. To elect Directors;
6. To appoint Auditors and authorize the Directors to fix their remuneration;
7. To transact such further and other business as may properly come before the meeting or any adjournment thereof.

A copy of the Annual Report of the Company, containing the report of the Directors and the financial statements of the Company for the year ended December 31, 1970, together with the Auditors' report thereon, and an Information Circular, accompany this notice. Copies of By-laws Nos. 80, 81 and 82 are appended to the said Information Circular.

DATED at Toronto this 14th day of May, 1971.

By Order of the Board,

ELLIS A. CLARKE,

Secretary.

SURPASS CHEMICALS LIMITED

INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the Management of Surpass Chemicals Limited (the Company) for use at the Annual and Special General Meeting of Shareholders of the Company to be held on June 15, 1971 at the time and place and for the purposes set forth in the notice of meeting. The total cost of the solicitation will be borne by the Company. If you are unable to be present in person at the meeting, kindly fill in, sign and return, in the envelope provided for that purpose, the enclosed form of proxy.

REVOCATION AND APPOINTMENT OF PROXIES

A person executing the enclosed form of proxy has the power to revoke it at any time before its exercise.

The persons named in the enclosed form of proxy are Directors of the Company. **A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON, OTHER THAN THOSE DESIGNATED IN THE FORM OF PROXY, TO ATTEND, ACT AND VOTE FOR HIM AND ON HIS BEHALF AT THE MEETING.** To exercise such right the shareholder may strike out the names in the form of proxy and insert the name of the desired person (who need not be a shareholder) in the blank space provided in the form of proxy or may complete another appropriate form of proxy, and in either case should deliver the completed proxy to the Company before the time of the meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company as at the date hereof has outstanding 764,848 shares without par value, each such share carrying the right to one vote at the meeting. The record date as of which the shareholders entitled to vote at the meeting will be determined is as at the close of business on the 11th day of June, 1971.

The only person who, to the knowledge of the Directors and senior officers of the Company, beneficially owns, directly or indirectly, more than 10 per cent of the outstanding shares of the Company is Fred W. Evans, the President of the Company, who beneficially owns, directly or indirectly, 169,121 (22%) of the outstanding shares of the Company.

ELECTION OF DIRECTORS

The Board now consists of five Directors elected annually. If By-law No. 81, increasing the number of Directors to six, is confirmed at the meeting, the persons named in the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below. If By-law No. 81 is not confirmed at the meeting the persons named in the enclosed form of proxy intend to vote for the election of the five proposed nominees whose names are first set forth below. The Management does not contemplate that any of the said nominees will be unable to serve as a Director but, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy will vote for the election of another person

or persons in their discretion. Each Director elected will hold office until the Annual Meeting next following his election or until his successor is elected or appointed.

The following table and notes thereto set out the names of all the persons proposed to be nominated for election as Directors, all positions and offices with the Company now held by them, their principal occupations or employments, their periods of service as directors and the approximate numbers of shares of the Company beneficially owned, directly or indirectly, by them as of the date hereof.

Nominees for Directors and their principal occupations	Service as Director	Approximate number of shares beneficially owned directly or indirectly as of the date hereof
William Blokhuis Assistant-Secretary and Chief Chemist of the Company.	1962 to date	31,201 (1)
Ellis A. Clarke Vice-President, Secretary and Treasurer of the Company.	1958 to 1961 1962 to date	56,482 (1)
Fred W. Evans President of the Company.	1958 to date	169,121 (1)
George H. Montague Vice-President and Director, UNAS Investments Limited (Closed-end Investment Company).	1962 to date	10,301
Donald M. Treadgold (2) Partner, Blackwell, Law, Treadgold & Armstrong (Law Firm)	April, 1971 to date	500
Kenneth Eastman Assistant-Treasurer and Plant Superintendent of the Company.	1963 to April, 1971	25,161 (1)

Notes: (1) Pursuant to a trust agreement dated January 1, 1964 Mr. Fred W. Evans, the President of the Company, holds 240,000 shares of the Company in trust for himself as to 60 per cent, Mr. Clarke as to 17 per cent, Mr. Blokhuis as to 13 per cent and Mr. Eastman as to 10 per cent. These respective shares are included in the shareholdings of Messrs. Evans, Clarke, Blokhuis and Eastman set out in the above table in accordance with their interests. Under the trust agreement Mr. Evans is authorized generally to vote the shares, subject to the requirement that he vote the shares so as to cause the election of himself and not less than two of Messrs. Clarke, Blokhuis and Eastman as Directors of the Company.

(2) Mr. Treadgold has had the present principal occupation indicated above for more than five years.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration paid or payable by the Company to the Directors and senior officers of the Company as a group during the fiscal year ended December 31, 1970 was \$79,026.

APPOINTMENT OF AUDITORS

Messrs. Thorne, Gunn, Helliwell & Christenson (through its predecessor firm Messrs. Thorne, Mulholland, Howson & McPherson), Chartered Accountants, have been the Auditors of the Company for a

period in excess of the preceding five years. The persons named in the enclosed form of proxy intend to vote for the reappointment of Messrs. Thorne, Gunn, Helliwell & Christenson as Auditors of the Company, at a remuneration to be fixed by the Board of Directors, to hold office until the next Annual Meeting of shareholders or until their successors are appointed.

BY-LAWS NOS. 80, 81 AND 82

The meeting has been called for the purposes, among others, of considering and, if approved, confirming with or without variation By-laws Nos. 80, 81 and 82, copies of which are appended hereto.

By-law No. 80 provides for the indemnification by the Company of its directors and officers and for the purchase and maintenance by the Company of insurance for the benefit of its directors and officers, all as provided for in The Business Corporations Act, 1970. The by-law also repeals By-law No. 64 of the Company, which dealt with indemnification of directors and officers.

The directors and officers of the Company may be considered to have an interest in the confirmation of By-law No. 80.

By-law No. 81 provides for an increase in the number of directors of the Company from five to six directors of whom four shall constitute a quorum.

By-law No. 82 provides for the determination of record dates for the determination of the shareholders entitled to notice of any meeting of shareholders, and for the determination of the shareholders entitled to vote at any meeting of shareholders, as set out in such by-law.

VOTING OF SHARES REPRESENTED BY MANAGEMENT PROXY

The shares represented by each Management proxy received by the Company will be voted and, where the shareholder specifies in the proxy a choice with respect to the confirmation of By-law No. 80, By-law No. 81 or By-law No. 82, such shares will, subject to section 121 of The Business Corporations Act, 1970, be voted in accordance with the specification so made. **UNLESS OTHERWISE SPECIFIED IN THE PROXY WITH RESPECT TO THE CONFIRMATION OF ANY SUCH BY-LAW, THE SHARES REPRESENTED THEREBY WILL BE VOTED FOR THE CONFIRMATION OF SUCH BY-LAW.**

The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters set out in the notice of meeting and any other matters which may properly come before the meeting. At the date hereof the Management of the Company knows of no other business to come before the meeting. If, however, any other business properly comes before the meeting, it is the intention of the persons designated in the form of proxy to vote the shares represented by such proxy in accordance with their best judgment.

By Order of the Board,

ELLIS A. CLARKE,
Secretary.

Scarborough, Ontario,
Dated as of May 14, 1971.

BY-LAW NO. 80

A by-law respecting indemnification and insurance for directors and officers

BE IT ENACTED as a by-law of SURPASS CHEMICALS LIMITED (the "Company") as follows:

1. Every director and every officer of the Company and his heirs, executors, administrators and other legal personal representatives shall from time to time be indemnified and saved harmless by the Company from and against:

- (a) any liability and all costs, charges and expenses that he sustains or incurs in respect of any action, suit or proceeding that is proposed or commenced against him for or in respect of anything done or permitted by him in respect of the execution of the duties of his office; and
- (b) all other costs, charges and expenses that he sustains or incurs in respect of the affairs of the Company;

provided that no director or officer of the Company shall be indemnified by it in respect of any liability, costs, charges or expenses that he sustains or incurs in or about any action, suit or other proceeding as a result of which he is adjudged to be in breach of any duty or responsibility imposed upon him under The Business Corporations Act, 1970 or under any other statute unless, in an action brought against him in his capacity as Director or officer, he has achieved complete or substantial success as a defendant.

2. The Company may purchase and maintain such insurance for the benefit of its Directors and officers as the Board may from time to time determine, except insurance against a liability, cost, charge or expense of the Director or officer incurred as a result of a contravention of section 144 of The Business Corporations Act, 1970.

3. By-law No. 64 of the Company passed by the Directors on the 15th day of February, 1954 is repealed from and after the coming into force of this By-law No. 80 provided that such repeal shall not affect the validity of any right, obligation or liability acquired or incurred under the said By-law prior to the effective date of its repeal.

4. This by-law shall come into force immediately prior to the commencement of the 1st day of January, 1971.

PASSED by the Directors and sealed with the corporate seal this 31st day of December, 1970.

"F. W. EVANS"
President

C/S

"E. A. CLARKE"
Secretary

BY-LAW NO. 81

A special by-law respecting the Board of Directors of the Company

IT IS HEREBY ENACTED as a special by-law of SURPASS CHEMICALS LIMITED (herein called the "Company") as follows:

1. The number of Directors of the Company is hereby increased from five to six so that the Board of Directors of the Company shall hereafter be composed of six Directors of whom four shall constitute a quorum.

2. All prior by-laws, resolutions and proceedings of the Company inconsistent herewith are hereby amended, modified and revised in order to give effect to this by-law.
3. This by-law shall not come into force or become effective until it is confirmed by the shareholders in accordance with The Business Corporations Act, 1970.

ENACTED this 21st day of April, 1971.

WITNESS the corporate seal of the Company.

"F. W. EVANS"
President

C/S

"E. A. CLARKE"
Secretary

BY-LAW NO. 82

A by-law respecting record dates for shareholders' meetings

IT IS HEREBY ENACTED as a by-law of SURPASS CHEMICALS LIMITED (herein called the "Company") as follows:

1. The record date for the determination of the shareholders entitled to notice of any meeting of the shareholders shall be,
 - (a) at the close of business on the thirtieth day (including such day but excluding the day of the meeting) before the date of the meeting; or
 - (b) if such thirtieth day as so determined is a Saturday or a holiday, at the close of business on the first day next preceding such thirtieth day, that is not a Saturday or a holiday.
2. The record date for the determination of the shareholders entitled to vote at any meeting of the shareholders shall be at the close of business on the second day (excluding Saturdays and holidays) before the date of the meeting.

ENACTED this 21st day of April, 1971.

WITNESS the corporate seal of the Company.

"F. W. EVANS"
President

C/S

"E. A. CLARKE"
Secretary